

Frøy ASA – Q1 22

25 May 2022



FRØY

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Agenda

1. Highlights
2. Segment review
3. Financial review
4. Outlook
5. Appendix

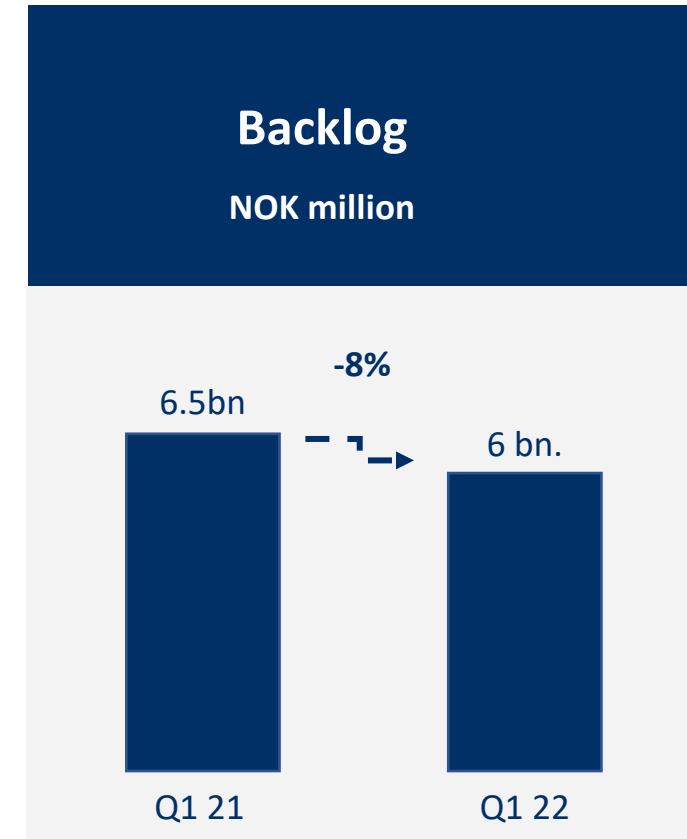
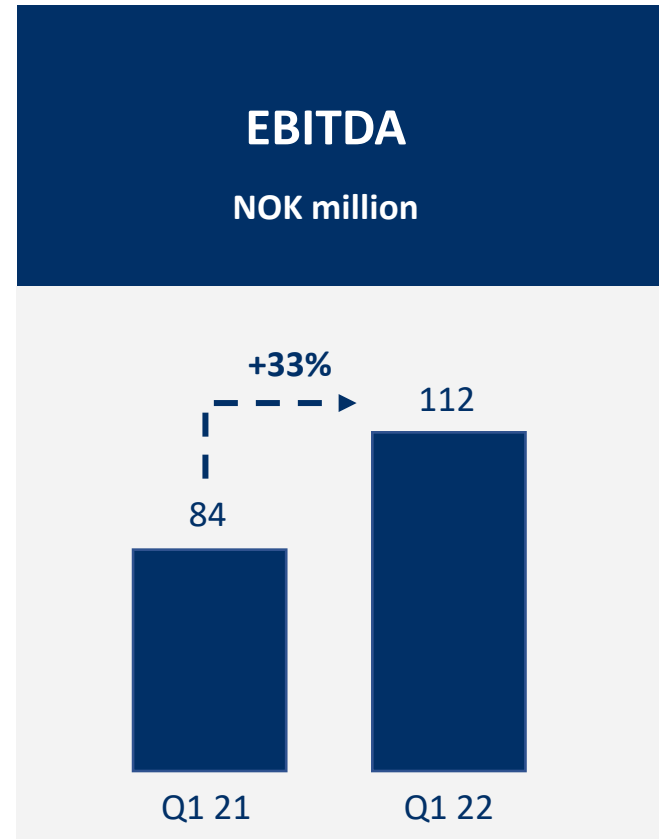
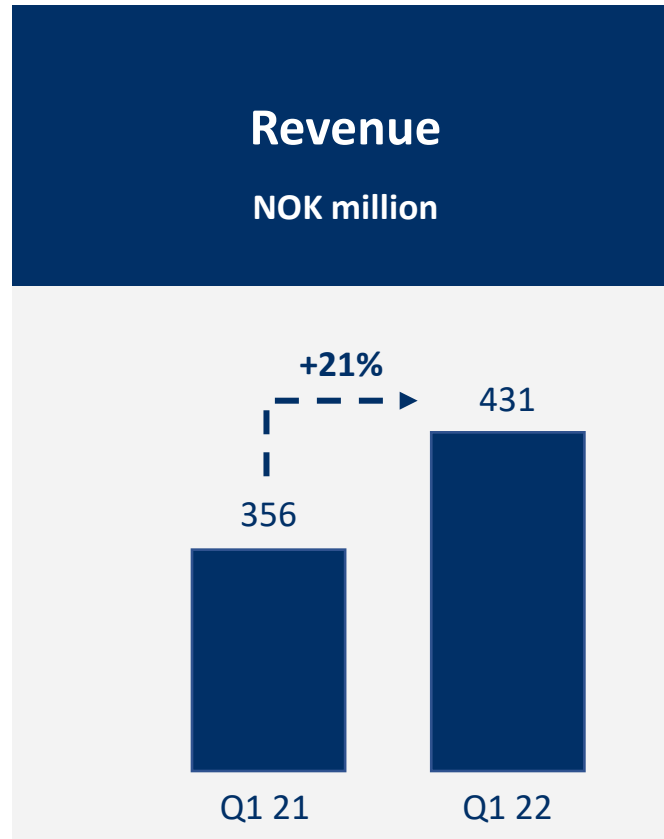
Highlights Q1 22

Low season – high tender activity

- Normal seasonal winter slow-down – slow spot market
- Negotiated and structured multiple new agreements in the quarter
- Increased fuel costs impacting EBITDA with approx. NOK 10m vs. Q1 21
- Delivering on key strategic priorities
 - Gained approval to roll out new treatment method for sea lice, combining fresh water and mechanical delousing
 - 3 new vessels delivered from yard during Q1
 - Signed NOK 340 million multi-year agreements for 5 vessels after the end of the quarter
 - Signed contract for construction of wellboat newbuild after the end of the quarter
- Cash position of NOK 738,5 million



Double digit growth in revenue & EBITDA vs. Q1 21



Increased activity and revenues

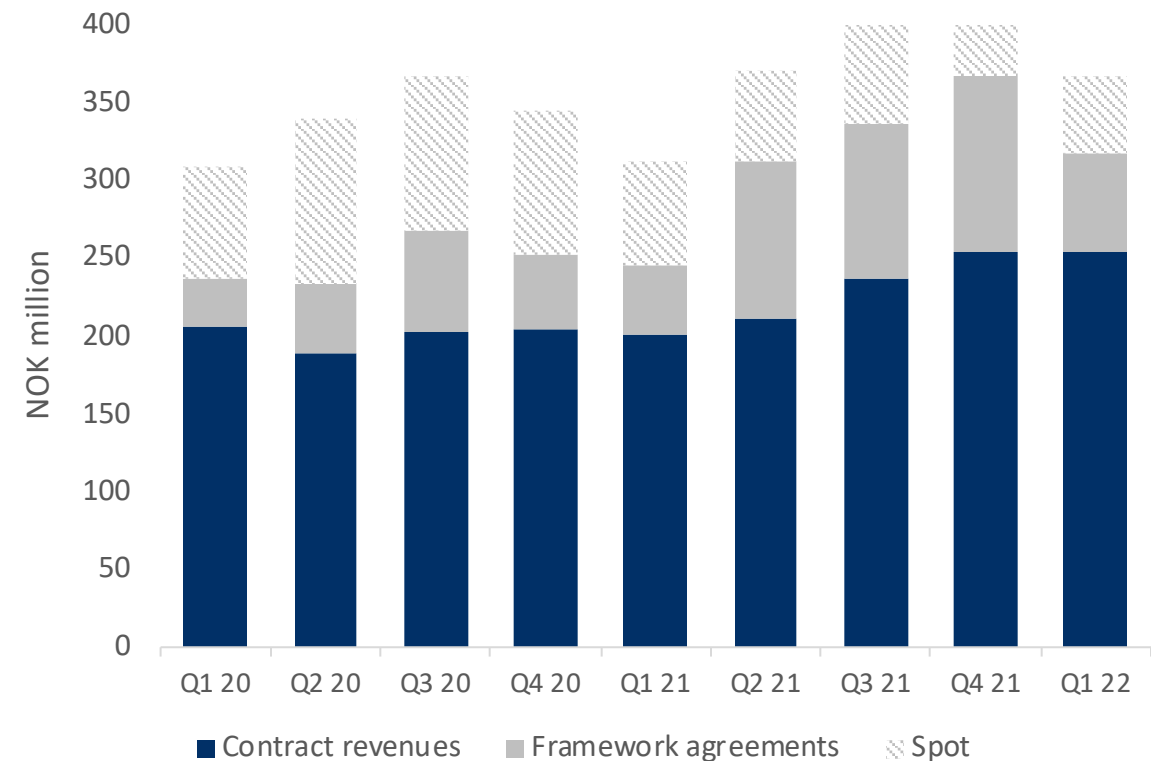
Double digit growth in operating revenues

- **18%** increase in operating revenues¹ Q1 22 vs. Q1 21
- **29%** increase in revenues from contracts and framework agreements vs. Q1 21

Normal seasonal slowdown in Q1

- Seasonal change in sea temperatures results in a drop in demand for aqua services from Q4 into Q1

Revenue split per quarter



Note: Q1 20 is based on proforma figures.

1) Operating revenues defined as contract revenues, revenues from framework agreements and spot revenues. Re invoiced costs and other revenues are excluded from the graph. Please find full revenue split in the quarterly report for Q1 22

Q1 22 backlog NOK 6.0 bn.

Fixed backlog

- Total fixed revenue commitments of approx. NOK 3.5 billion
- Wellboat fleet with weighted avg. backlog coverage of approx. 4,5 years¹

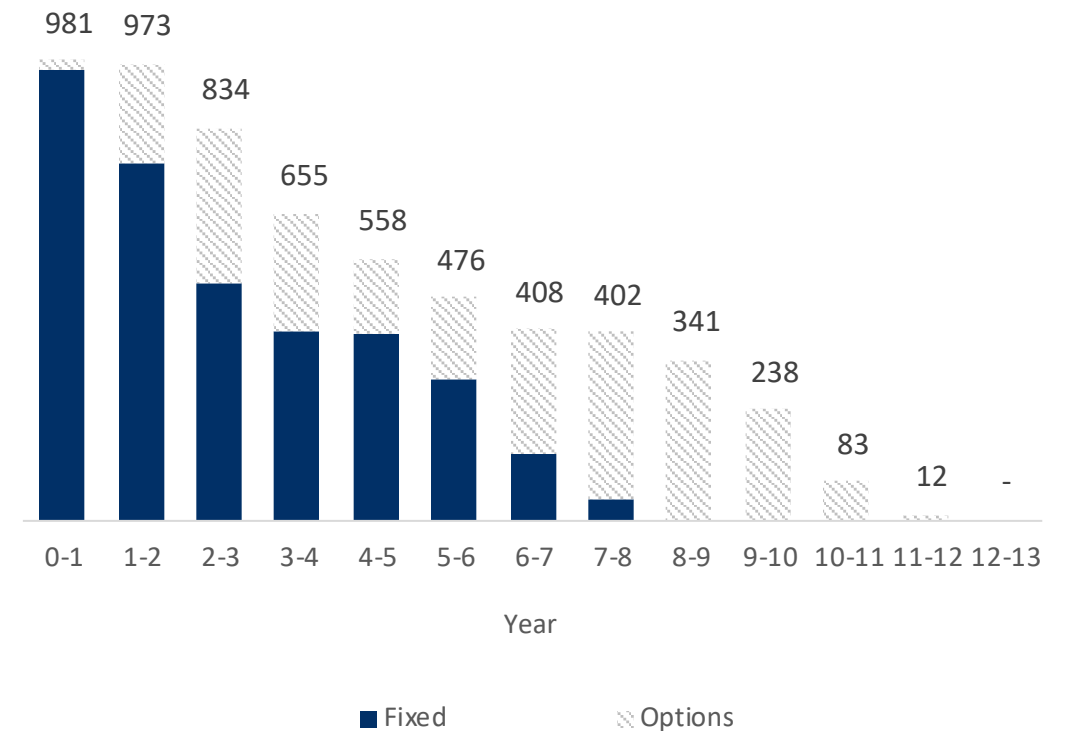
Options

- Most fixed time charter contracts include extension options
- Total options of approx. NOK 2.5 billion

Framework agreements

- Most framework agreements do not have minimum value clauses and are not included in the backlog
- Framework agreements are typically related to diving, cleaning of nets and other service work

Backlog (NOKm)

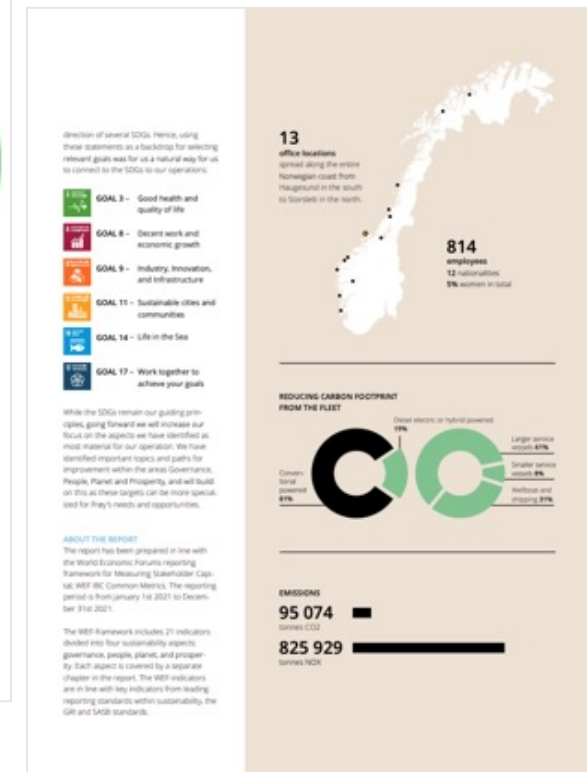


Sustainability in Frøy

Delivering solutions that improve fish welfare, reduce the risk of escapes and improves efficiency in operations for the aquaculture industry has been at the core for Frøy for more than 20 years

Taking good care of the fish and our people are our key priorities. Both are prerequisites to operate and key drivers for our growth

Since 2019 all wellboat new builds have been ordered with either diesel electric or hybrid propulsion machinery



Please find more info on how Frøy address its material economic, environmental and social impacts in the annual report for 2021

ESG highlights Q1 22

Environment

Approval to roll out new treatment method for sea lice

- Combination of fresh water and mechanical delousing with documented positive results on fish welfare and efficiency
- Testing and documentation during 2021 carried out by Frøy's certified research department in cooperation with client

Delivery of Frøy Challenger – purpose-built vessel for efficient and gentle removal of sea lice

Delivery of Frøydis, a new diesel hybrid service vessel

Social

- Awarded maritime apprenticeship of the year by The Norwegian Maritime Competence Foundation

Governance

- Launch of sustainability reporting



Segment review

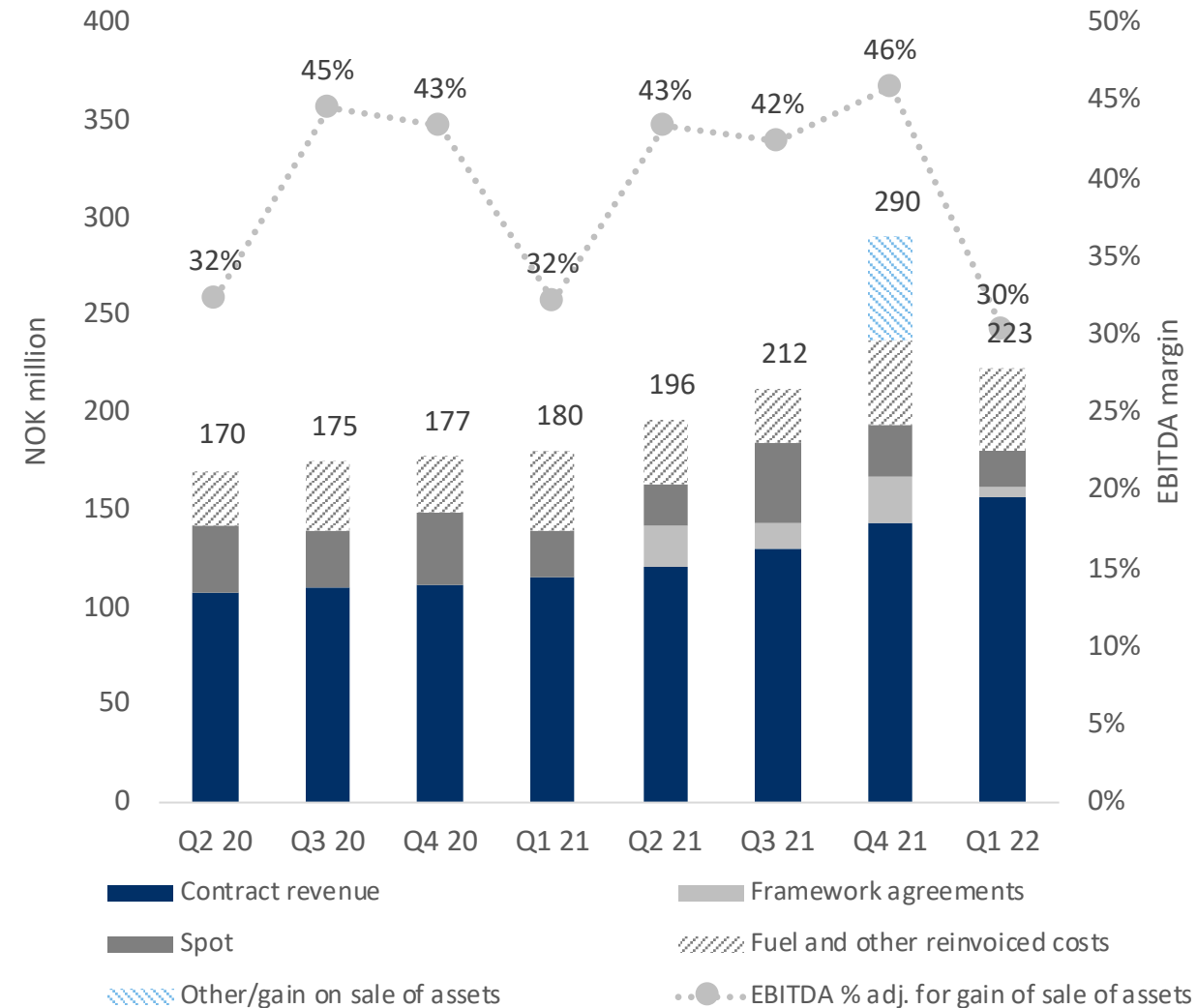
Wellboat

Segment results

- Total revenues NOK 223 million (NOK 180 million)
 - 41% increase in revenues from contract and framework agreements vs. Q1 21
- EBITDA of NOK 67 million
- EBITDA margin of 30% (32%)

Other

- Full quarter revenues from 2 newbuilds delivered during Q4 21 driving revenue growth
- Lower spot sales Q1 22 vs. Q1 21 impacting EBITDA margins



Status wellboat newbuilds

Vessels under construction:

- *Gåsø Odin 4.500 m3 capacity – Delivery Q4 22*
- *Veidnes 6.000 m3 capacity – Delivery summer 2023*

Construction progressing according to plan

Placed order for additional newbuild

- *4.500 m3 capacity*
- *Diesel electric propulsion system and battery package*
- *Advanced fish handling system for gentle and efficient operations*
- *Delivery mid 2024*



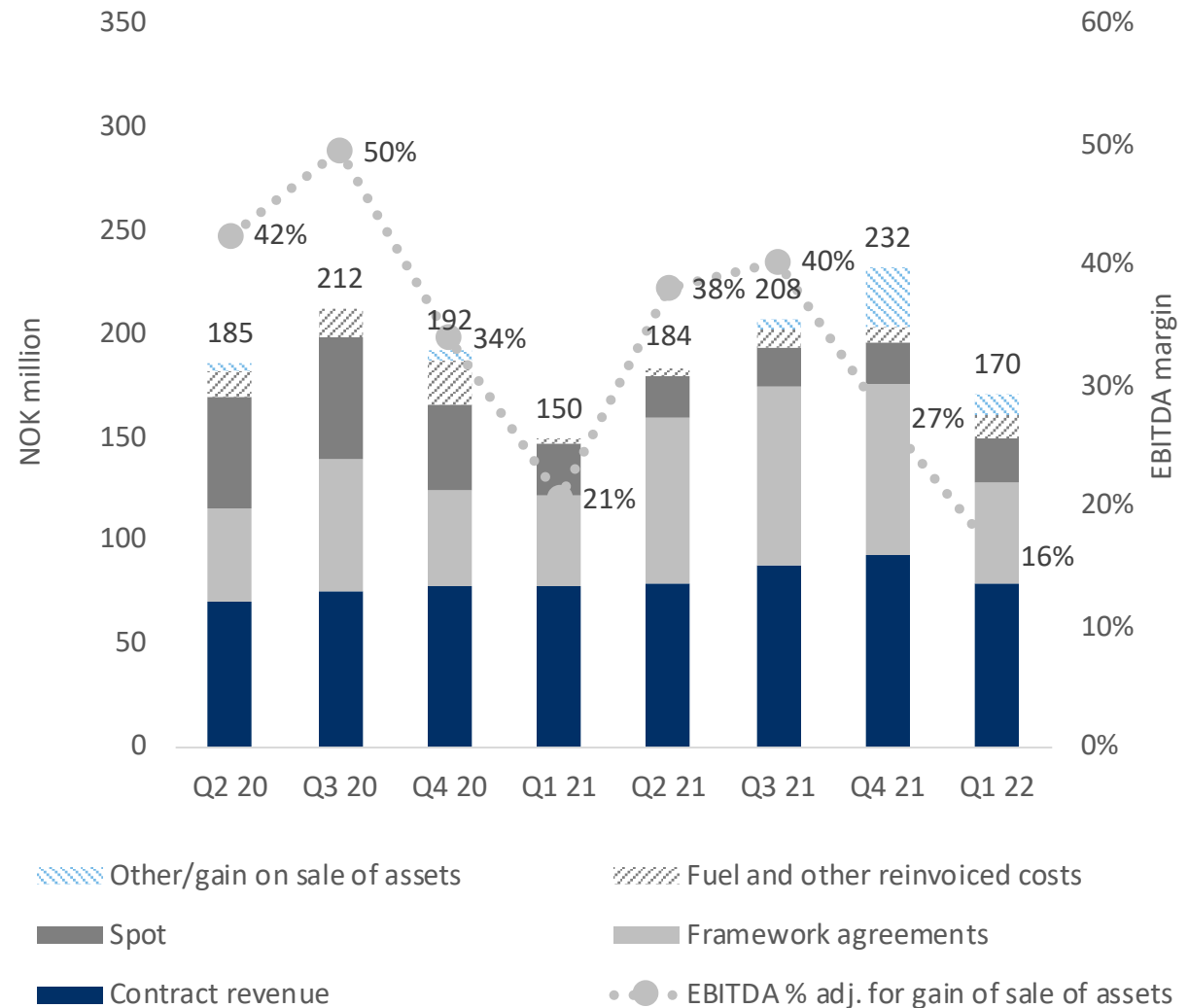
Service

Segment results

- Total revenues NOK 170 million (NOK 150 million)
 - 4% increase in revenues from contract and framework agreements vs. Q1 21
- EBITDA of NOK 35 million (NOK 31 million)
- Adj. EBITDA margin of 16% (21%)
 - Fuel costs increased with approx NOK 6 million vs. Q1 21

Other

- The specialized delousing vessel Frøy Challenger entered into operation late February

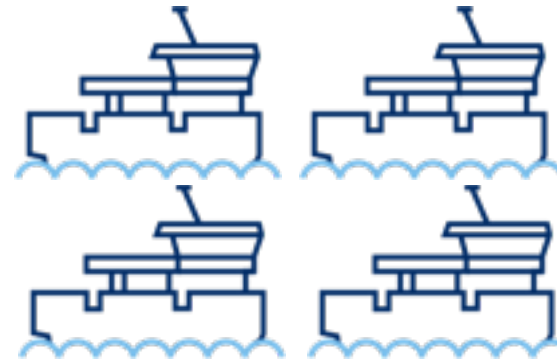


Awarded multi-year time charter contracts

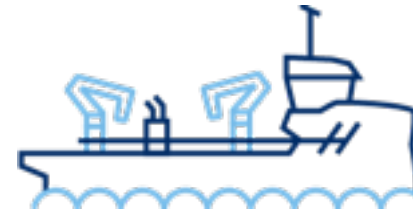
Announced May 4: Contracts to be incl. in the Q2 backlog

Approx. **NOK 250m** increase in fixed backlog

Approx. **NOK 340m** increase in backlog incl. options



4 vessels on 4-year time charter contracts + options



1 vessel on 5-year time charter contract + options

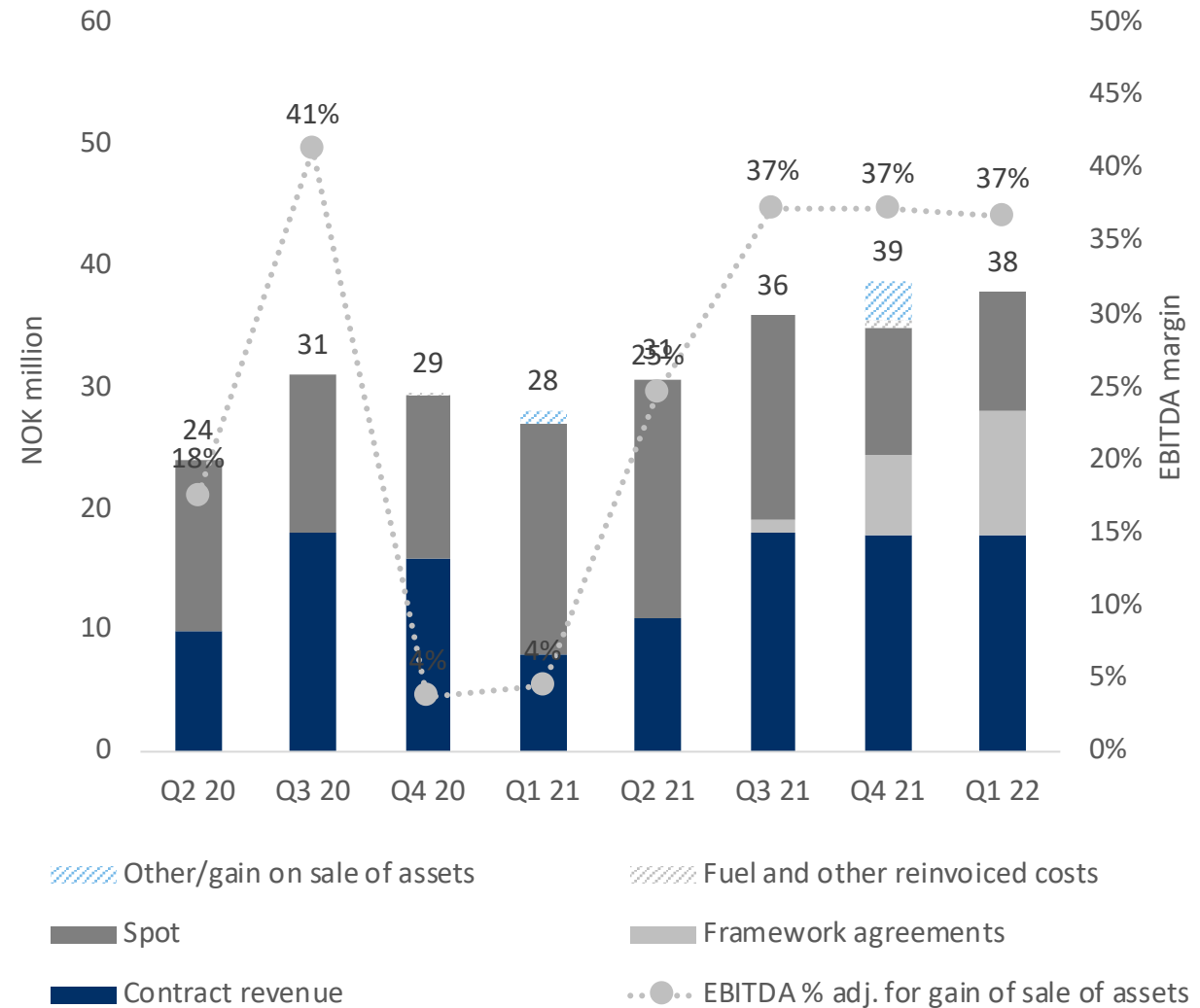
Sea transport

Segment results

- Total revenues of NOK 38 million (NOK 28 million)
 - Increased capacity due to the new vessel MS Folla
- EBITDA of NOK 14m (NOK 2m)
- EBITDA margin 37% (8%)

Other

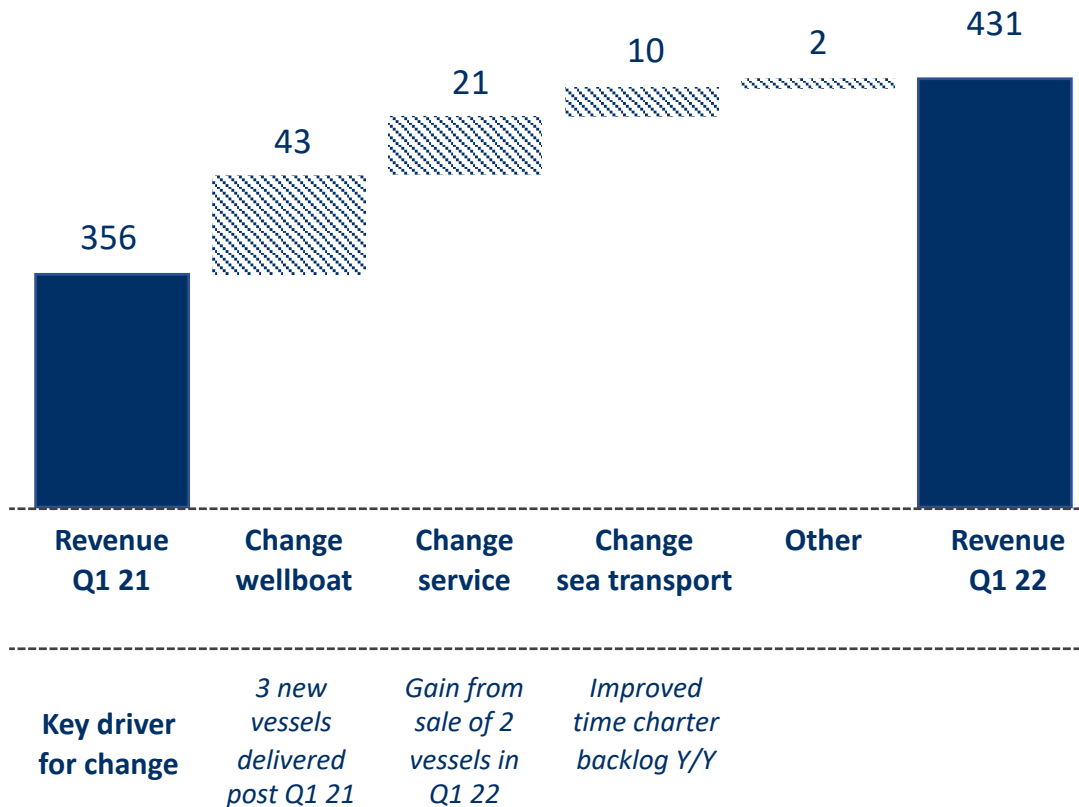
- Fuel costs impacting margins negatively vs. Q1 21



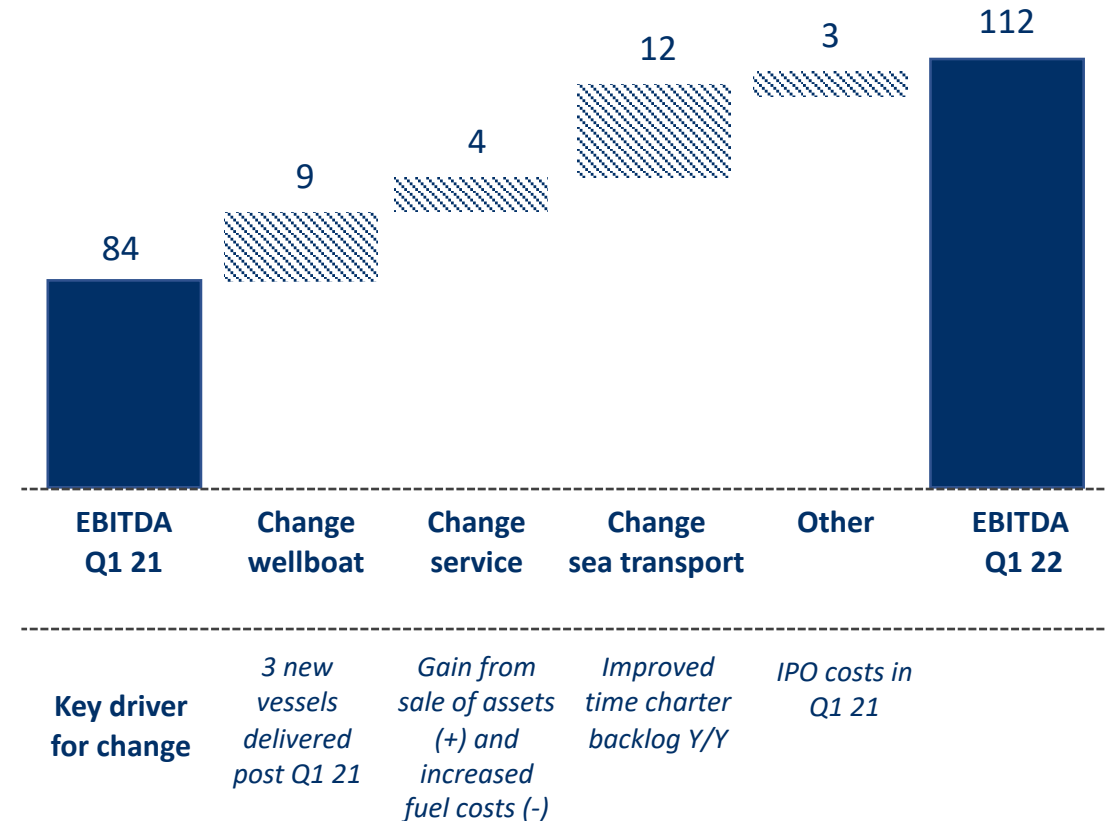
Financial review

Group financial development

Revenue bridge Q1 21 – Q1 22



EBITDA bridge Q1 21 – Q1 22



Profit & loss

Highlights Q1 22

- Total revenues of NOK 431 million (NOK 356 million)
- EBITDA of NOK 112 million (NOK 84 million)
- EBITDA margin of 26% (24%)
- Q1 22 gain on sale of assets of NOK 9 million
- Q1 22 NOK 40 million positive P&L impact from fixed interest rate swaps

(NOKm)	Q1 22	Q1 21
Total revenue	431.4	356.1
EBITDA	111.6	84.0
EBITDA %	26%	24%
Depreciation	91.5	73.4
Operating profit	20.1	10.6
Net financial items	15.0	-23.2
Profit (loss) before tax	35.1	-12.7
Taxes	3,6	-4.7
Net profit	38.7	-7.9

Balance sheet

Highlights Q1 22

- Increased vessels, property, plant and equipment vs. Q1 21 due to investments into the ongoing newbuild program
- Gross debt increased due to debt on newbuilds
- Net interest-bearing debt of NOK 3 591 million (NOK 2 642 million)
- Equity ratio 41%

(NOKm)	31.03.2021	31.12.2021	31.03.2021
Goodwill and intangible assets	687.6	687.6	687.6
Vessels, property, plant and equipment	5 677.0	5 447.6	4 394.8
Right-of-use assets	431.9	455.4	418.9
Other assets	33.7	45.2	37.3
Non-current assets	6 830.2	6 635.3	5 538.7
Inventory	11.1	11.5	12.4
Receivables	240.5	205.5	202.9
Cash and cash equivalents	738.5	738.5	1 082.1
Total current assets	990.1	1 021.6	1 297.7
TOTAL ASSETS	7 820.3	7 656.8	6 836.4
Total equity	3 237.0	3 186.0	2 372.4
Non-current interest-bearing liabilities	3 281.3	3 370.4	2 826.9
Non-current lease liabilities	228.6	269.4	272.5
Deferred tax liabilities	34.6	40.5	22.9
Total non-current liabilities	3 564.0	3 680.3	3 122.3
Current interest-bearing liabilities	707.9	474.3	536.2
Current lease liabilities	91.6	92.9	88.6
Other current liabilities	219.7	223.3	173.7
Total current liabilities	1 019.2	790.5	798.5
TOTAL EQUITY AND LIABILITIES	7 820.3	7 656.8	6 836.3
Net interest-bearing debt	3 590.9	3 468.5	2 642.1
Equity ratio	41 %	42 %	43 %

Cash flow

Highlights Q1 22

- Positive cash flow from operations of NOK 137 million
- Cash flow from investment activities of NOK -287 million driven by the ongoing newbuild program and sale of older vessels
- Cash flow from financing of NOK 151 million – new debt on vessels under construction less repayment of borrowings and lease liabilities
- 31.03.22 cash position at NOK 739 million

(NOKm)	Q1 22	Q1 21
Cash flows from operating activities		
Profit or loss before tax	35.1	12.7
Depreciation and impairment	91.5	73.5
Net interest and financial items	-14.1	22.2
Changes in working capital and other	24.2	45.0
Net cash flows from operating activities	136.7	127.9
Cash flows from investing activities		
Purchase of property, plant and equipment	-301.9	-843.0
Other	14.6	12.0
Net cash flow from investing activities	-287.3	-831.0
Cash flow from financing activities		
Proceeds from borrowings	270.1	1 117.0
Repayment of borrowings	69.3	-406.0
Issue of share capital	0.0	1 000.0
Payment of principal part of lease liabilities	-24.2	-26.0
Interest paid	-26.0	-22.0
Other		-26.0
Net cash flow from financing activities	150.6	1 636.0
Net change in cash and cash equivalents	-0.0	932.9
Cash and cash equivalents, beginning of period	738.5	149.0
Cash and cash equivalents, end of period	738,5	1 082.1

Investment program

Total capex related to the newbuild program estimated to approx. NOK 1.5 bn.

Wellboat

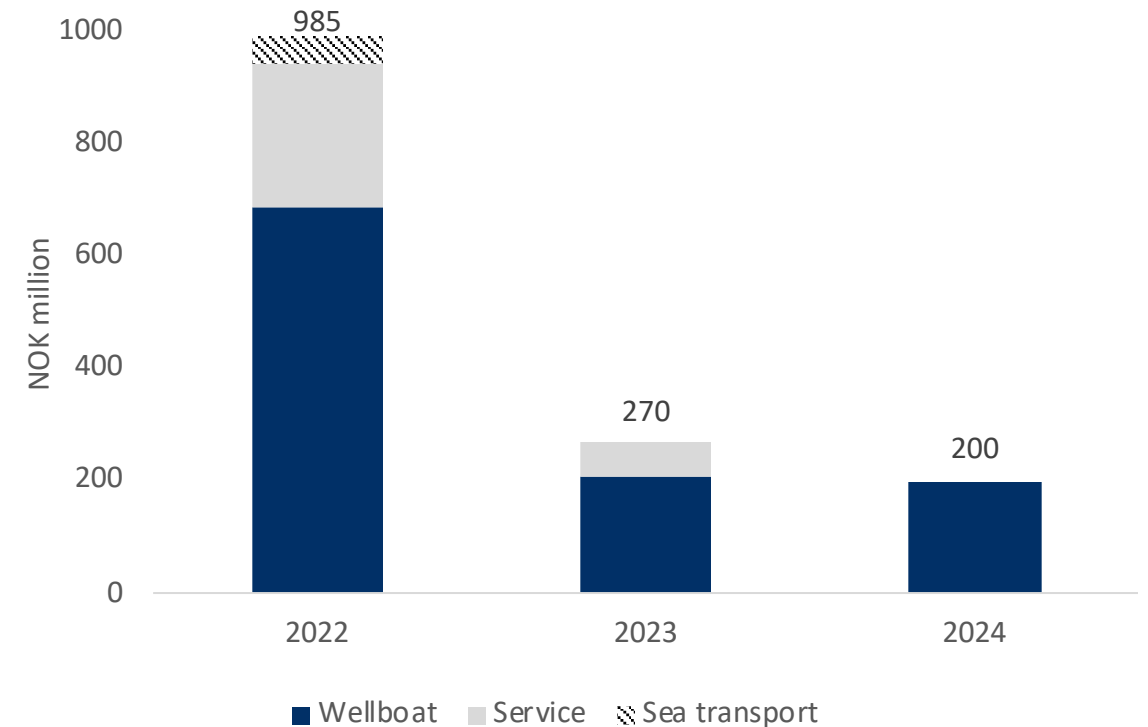
- MS Gåsø Odin expected to be delivered Q4 22
- MS Veidnes newbuild scheduled for delivery summer 2023
- 4.500 m3 newbuild scheduled for delivery 2024

Service

- Two service vessels scheduled for delivery Q2 22
- One service vessel scheduled for delivery Q4 22
- Two large service vessels scheduled for delivery in 2023

Sea transport

- Rebuilding of MS Folla in Q2 22 (est. 6-8 weeks of rebuilding)



Financing

Financing strategy

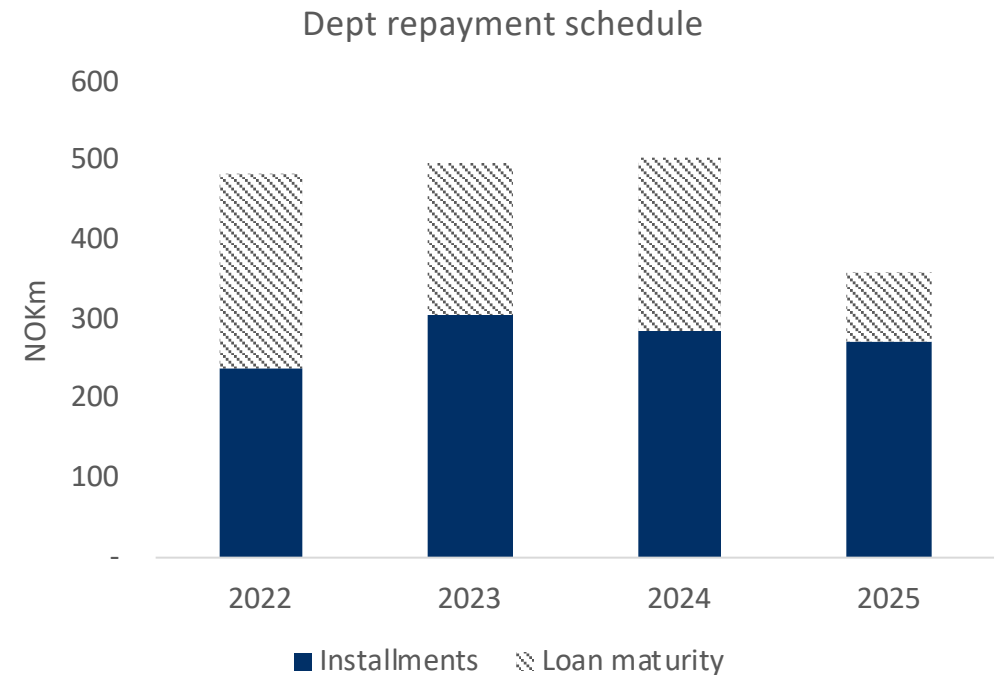
- Frøy finance its fleet and equipment with bank debt and leasing

Newbuild financing

- Bank debt secured on all committed wellboat newbuilds incl. new wellboat ordered after quarter end
 - +/- 80% loan to value

Debt maturities

- Annual regular installments on bank debt of approx. NOK 290 million



Outlook

Outlook

Outlook

- **Positive underlying market trends driven by** farming in more exposed locations, larger farming sites, new regulations and ESG requirements
- **Multiple incoming requests** for new contracts and newbuilds
- **Increased global uncertainty from** the war in Ukraine and soaring inflation.
- **Sharp increase in newbuild prices and increased construction time at yards** – new price levels to be set for new capacity to enter the market

Strategic priorities

- **Profitable growth** - Minimum Return On Equity of 10-18%. Increased newbuild prices to be supported by increased time charter rates
- **Develop sustainable aqua service solutions** – Key focus to reduce carbon footprint and continuously improve fish welfare. Commercial roll-out of new sea lice treatment solution
- **Realize economies of scale** – significant untapped potential from more efficient use of inhouse competence and resources

Q&A

Share information 31.03.22

Total number of shares

- 86 348 603 shares outstanding

Total number of shares owned by 20 largest shareholders

- 88.7 % of total number of shares outstanding

Name of shareholder	No. of shares	%
NTS ASA	62 269 112	72,11
State Street Bank and Trust Comp	4 134 306	4,79
Gåsø Næringsutvikling AS	1 384 298	1,60
Skandinaviska Enskilda Banken AB	1 026 000	1,19
HSBC Bank Plc	1 019 098	1,18
Trøndelag Helgeland Invest AS	702 411	0,81
Amble Investment AS	631 147	0,73
Verdipapirfondet Pareto Investment	630 000	0,73
Torghatten Aqua AS	570 000	0,66
Riiber Holding AS	569 490	0,66
VPF Fondsfinans Norge	498 756	0,58
BNP Paribas Securities Services	497 707	0,58
GH Holding AS	427 868	0,50
Aars AS	418 844	0,49
Verdipapirfondet Alfred Berg Norge	385 867	0,45
LIN AS	327 868	0,38
Verdipapirfondet Alfred Berg Aktiv	317 730	0,37
The Bank of New York Mellon SA/NV	284 854	0,33
Lindvard Invest AS	262 295	0,30
Furberg & Sønn A/S	250 000	0,29
Total 20 largest shareholders	76 607 651	88,71
Total other	9 740 952	11,29
Total number of shares 31.03.2022	86 348 603	100,00

Appendix

Non-IFRS financial measures / Alternative Performance Measures

- The non-IFRS financial measures/APMs presented herein are not measurements of performance under IFRS or other generally accepted accounting principles and investors should not consider any such measures to be an alternative to: (a) operating revenues or operating profit (as determined in accordance with IFRS or other generally accepted accounting principles), as a measure of the Group's operating performance; or (b) any other measures of performance under generally accepted accounting principles. The non-IFRS financial measures/APMs presented herein may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of the Group's future results.
- The Company believes that the non-IFRS measures/APMs presented herein are commonly reported by companies in the markets in which it competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation, amortisation and impairment, which can vary significantly depending upon accounting methods (particularly when acquisitions have occurred), business practice or based on non-operating factors. Accordingly, the Group discloses the non-IFRS financial measures/APMs presented herein to permit a more complete and comprehensive analysis of its operating performance relative to other companies and across periods, and of the Group's ability to service its debt. Because companies calculate the non-IFRS financial measures/APMs presented herein differently, the Group's presentation of these non-IFRS financial measures/APMs may not be comparable to similarly titled measures used by other companies.
- The non-IFRS financial measure/APMs are not part of the Company's consolidated financial statements and are thereby not audited. The Company can give no assurance as to the correctness of such non-IFRS financial measures/APMs and investors are cautioned that such information involve known and unknown risks, uncertainties and other factors, and are based on numerous assumptions. Given the aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these non-IFRS financial measures/APMs.

APMs and Key Figures

Non-IFRS financial measures / Alternative Performance Measures

- EBITDA is defined as total revenue less operating expenses (direct expenses, employee benefit expenses and other operating expenses).
- Adjusted EBITDA is defined as total revenue less operating expenses (direct expenses, employee benefit expenses and other operating expenses), gain on sale of assets and IPO costs
- EBITDA and adjusted EBITDA is used by the management as measure the Group's ability to service debt and finance investments. Management also believes the measure enables an evaluation of operating performance.

Reconciliation of adjusted EBITDA – NOK millions

(NOK 1,000,000)	Q1 21	Q2 21	Q3 21	Q4 21	Q1 22
Total revenue	356	412	457	561	431
Direct expenses	50	42	46	89	91
Employee benefit expenses	113	120	138	130	143
Other operating expenses	110	92	85	82	86
EBITDA	84	159	188	260	112
Loss/gain on sale of assets	1	0	6	84	9
IPO costs	8	0	0	0	0
Adjusted EBITDA	92	159	183	176	102

(NOK 1,000,000)	Q1 20	Q2 20	Q3 20	Q4 20
Total revenue	134	385	413	399
Direct expenses	33	60	63	37
Employee benefit expenses	38	106	116	116
Other operating expenses	33	82	54	80
EBITDA	30	137	180	166
Loss/gain on sale of assets	0	3	-4	4
IPO costs	0	0	0	0
Adjusted EBITDA	30	135	183	162



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